

1 ANDREW R. MUEHLBAUER, ESQ.
2 Nevada Bar No. 10161
3 **MUEHLBAUER LAW OFFICE, LTD.**
4 7915 West Sahara Ave., Suite 104
5 Las Vegas, Nevada 89117
6 Telephone: (702) 330-4505
7 Facsimile: (702) 825-0141
8 Email: andrew@mlolegal.com

9 CHARLES H. LINEHAN (*pro hac vice forthcoming*)
10 **GLANCY PRONGAY & MURRAY LLP**
11 1925 Century Park East, Suite 2100
12 Los Angeles, California 90067
13 Telephone: (310) 201-9150
14 Facsimile: (310) 201-9160
15 Email: clinehan@glancylaw.com

16 *Counsel for Lead Plaintiff Movant Pathma Venasithamby*

17 **UNITED STATES DISTRICT COURT**
18 **DISTRICT OF NEVADA**

19 TAD SCHLATRE, Individually and on Behalf
20 of All Others Similarly Situated,

21 Plaintiff,

22 v.

23 MARATHON DIGITAL HOLDINGS, INC.
24 f/k/a MARATHON PATENT GROUP, INC.,
25 MERRICK D. OKAMOTO, FREDERICK G.
26 THIEL, and SIMEON SALZMAN,

27 Defendants.

28 Case No. 2:21-cv-02209-RFB-NJK

29
30 **MOTION OF PATHMA
31 VENASITHAMBY FOR APPOINTMENT
32 AS LEAD PLAINTIFF AND APPROVAL
33 OF COUNSEL**

MOTION OF PATHMA VENASITHAMBY FOR APPOINTMENT AS LEAD**PLAINTIFF AND APPROVAL OF COUNSEL**

Pathma Venasithamby (“Venasithamby”) hereby moves this Court for entry of an Order: (i) appointing Venasithamby as Lead Plaintiff; (ii) approving Venasithamby’s selection of Glancy Prongay & Murray LLP as Lead Counsel and Muehlbauer Law Office, Ltd. as Liaison Counsel for the class; and (iii) granting such other and further relief as the Court may deem just and proper.

This motion is brought pursuant to Section 21D(a)(3)(B) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78u-4(a)(3)(B), as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”). In support of this Motion, Venasithamby submits a Memorandum of Points and Authorities in support thereof and the Declaration of Andrew R. Muehlbauer and the exhibits attached thereto, and all of the prior pleadings and other files in this matter, and such other written or oral arguments as may be permitted by the Court.

This motion is made on the grounds that Venasithamby is the most adequate plaintiff, as defined by the PSLRA, based on his significant losses suffered as a result of the defendants’ wrongful conduct as alleged in this action. Further, Venasithamby satisfies the requirements of Rule 23(a) of the Federal Rules of Civil Procedure, as his claims are typical of other class members’ claims and he will fairly and adequately represent the interests of the class.

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 Pathma Venasithamby (“Venasithamby”) respectfully submits this memorandum of law in
 3 support of his motion pursuant to Private Securities Litigation Reform Act of 1995, 15 U.S.C. §
 4 78u-4, *et seq.* (the “PSLRA”) for an Order: (1) appointing Venasithamby as Lead Plaintiff under
 5 15 U.S.C. § 78u-4(a)(3)(B); (2) approving Venasithamby’s selection of Glancy Prongay & Murray
 6 LLP (“GPM”) as Lead Counsel and Muehlbauer Law Office, Ltd. (“Muehlbauer Law”) as Liaison
 7 Counsel pursuant to 15 U.S.C. § 78u-4(a)(3)(B)(v); and (3) granting such other relief as the Court
 8 may deem to be just and proper (the “Motion”).

9 **I. PRELIMINARY STATEMENT**

10 This is a class action on behalf of all persons and entities that purchased or otherwise
 11 acquired Marathon Digital Holdings, Inc. f/k/a Marathon Patent Group, Inc. (“Marathon” or the
 12 “Company”) securities between October 13, 2020 and November 15, 2021, inclusive (the “Class
 13 Period”).

14 The PSLRA provides that the Court shall appoint the most adequate plaintiff—*i.e.* the
 15 plaintiff most capable of adequately representing the interests of class members—as lead plaintiff,
 16 and provides a presumption that the plaintiff or movant with the largest financial interest in the relief
 17 sought by the class that otherwise satisfies the requirements of Rule 23 of the Federal Rules of Civil
 18 Procedure is the most adequate plaintiff. This motion is made on the grounds that Venasithamby is
 19 the “most adequate plaintiff” as defined by the PSLRA.

20 Venasithamby has “the largest financial interest in the relief sought by the class” as a result
 21 of defendants’ wrongful conduct as alleged in this action. In addition, for purposes of this motion,
 22 Venasithamby satisfies the relevant requirements of Rule 23 of the Federal Rules of Civil Procedure,
 23 as his claims are typical of other class members’ claims, and he is committed to fairly and adequately
 24 representing the interests of the class. Thus, pursuant to the PSLRA’s lead plaintiff provision,
 25 Venasithamby respectfully submits that he is presumptively the most adequate plaintiff and should
 26 be appointed as lead plaintiff for the class.

27 Additionally, Venasithamby’s selection of GPM as Lead Counsel for the class and
 28 Muehlbauer Law as liaison counsel should be approved because the firms have substantial expertise

1 in securities class action litigation and the experience and resources to efficiently prosecute this
 2 action.

3 **II. FACTUAL BACKGROUND¹**

4 Marathon is a digital asset technology company that mines cryptocurrencies with a focus on
 5 the blockchain ecosystem and the generation of digital assets in U.S.

6 In October 2020, Marathon announced the formation of a new joint venture with Beowulf
 7 Energy LLC (“Beowulf”) purportedly focused on delivering low-cost power to Marathon’s Bitcoin
 8 mining operations (the “Beowulf Joint Venture”). In connection with that joint venture, Marathon
 9 entered into a series of agreements with multiple parties to design and build a data center in Hardin,
 10 Montana (the “Hardin Facility”), issuing 6 million shares of its common stock to the parties of those
 11 agreements.

12 Soon after, on November 15, 2021, Marathon disclosed that “the Company and certain of its
 13 executives received a subpoena to produce documents and communications concerning the Hardin,
 14 Montana data center facility[,]” and advised that “the SEC may be investigating whether or not there
 15 may have been any violations of the federal securities law.” On this news, Marathon’s stock price
 16 fell \$20.52 per share, or 27.03%, to close at \$55.40 per share on November 15, 2021.

17 The complaint filed in this action alleges that throughout the class period Defendants failed
 18 to disclose to investors that: (i) the Beowulf Joint Venture, as it related to the Hardin Facility,
 19 implicated potential regulatory violations, including U.S. securities law violations; (ii) as a result,
 20 the Beowulf Joint Venture subjected Marathon to a heightened risk of regulatory scrutiny; (iii) the
 21 foregoing was reasonably likely to have a material negative impact on the Company’s business and
 22 commercial prospects; and (iv) as a result, the Company’s public statements were materially false
 23 and misleading at all relevant times.

24 As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the
 25 market value of the Company’s securities, the class has suffered significant losses and damages.
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27 ¹ This section is adapted from the allegations in the complaint in the above-captioned action. Dkt.
 28 No. 1.

1 **III. ARGUMENT**

2 **A. Venasithamby Should Be Appointed Lead Plaintiff**

3 The PSLRA provides the procedure for selecting a lead plaintiff in class actions brought
4 under the federal securities laws. The PSLRA provides a “rebuttable presumption” that the “most
5 adequate plaintiff”—*i.e.*, the plaintiff most capable of adequately representing the interests of the
6 class—is the “person or group of persons” that:

- 7 (aa) has either filed the complaint or made a motion in response to a notice . . . ;
- 8 (bb) in the determination of the Court, has the largest financial interest in the relief
9 sought by the class; and
- 10 (cc) otherwise satisfies the requirements of Rule 23 of the Federal Rules of Civil
Procedure.

11 15 U.S.C. § 78u-4(a)(3)(b)(iii)(I).

12 The presumption in favor of appointing a plaintiff or group of plaintiffs as lead plaintiff may
13 be rebutted only upon proof “by a purported member of the plaintiff class” that the presumptively
14 most adequate plaintiff:

- 15 (aa) will not fairly and adequately protect the interest of the class; or
- 16 (bb) is subject to unique defenses that render such plaintiff incapable of
adequately representing the class.

17 15 U.S.C. § 78u-4(a)(3)(b)(iii)(II).

18 As set forth below, Venasithamby has complied with all of the PSLRA’s requirements and
19 satisfies all of the PSLRA criteria to be appointed lead plaintiff. Venasithamby, to the best of his
20 knowledge, has the largest financial interest in this litigation, satisfies the relevant requirements of
21 Federal Rule of Civil Procedure 23 and is not aware of any unique defenses defendants could raise
22 against him that would render him inadequate to represent the class. Accordingly, Venasithamby
23 respectfully submits that he should be appointed lead plaintiff. *See In re Cavanaugh*, 306 F.3d 726,
24 730 (9th Cir. 2002) (“If the plaintiff with the largest financial stake in the controversy provides
25 information that satisfies these requirements, he becomes the presumptively most adequate
26 plaintiff’).

1 **1. Venasithamby's Motion Is Timely**

2 Venasithamby has made a timely motion in response to a PSLRA early notice. On December
 3 17, 2021, pursuant to the PSLRA, notice was published in connection with this action. *See*
 4 Declaration of Andrew R. Muehlbauer in Support of the Motion of Pathma Venasithamby for
 5 Appointment as Lead Plaintiff and Approval of Counsel ("Muehlbauer Decl."), Ex. A. Therefore,
 6 Venasithamby had sixty days (*i.e.*, until February 15, 2022) to file a motion to be appointed as Lead
 7 Plaintiff. As a purchaser of Marathon securities during the Class Period, Venasithamby is a member
 8 of the proposed class and has timely filed a motion for appointment as lead plaintiff within sixty
 9 days of the Notice, in compliance with the PSLRA. 15 U.S.C. § 78u-4(a)(3)(B)(iii)(I)(aa).

10 Additionally, as set forth in his PSLRA certification, Venasithamby attests that he has
 11 reviewed the complaint and is willing to serve as a representative of the class. *See* Muehlbauer Decl.,
 12 Ex. B. Accordingly, Venasithamby satisfies the first requirement to serve as Lead Plaintiff for the
 13 class.

14 **2. Venasithamby Has the Largest Financial Interest in the Relief Sought by
 15 the Class**

16 The PSLRA requires a court to adopt the rebuttable presumption that "the most adequate
 17 plaintiff . . . is the person or group of persons that . . . has the largest financial interest in the relief
 18 sought by the class." 15 U.S.C. § 78u-4(a)(3)(B)(iii). At the time of this filing, Venasithamby
 19 believes that he has the largest financial interest among class members who filed timely applications
 20 for appointment as lead plaintiff and accordingly is presumed to be the "most adequate plaintiff."

21 Venasithamby purchased Marathon securities during the Class Period at prices alleged to be
 22 artificially inflated by Defendants' misstatements and omissions and, as a result, suffered financial
 23 harm. *See* Muehlbauer Decl., Ex. C. To the best of his knowledge, Venasithamby is not aware of
 24 any other class member that has filed a motion for appointment as lead plaintiff who is claiming a
 25 larger financial interest. As such, Venasithamby believes he has the "largest financial interest in the
 26 relief sought by the class," and thus satisfies the second PSLRA requirement to be appointed as lead
 27 plaintiff for the class.

1 **3. Venasithamby Satisfies the Requirement of Rule 23 of the Federal Rules
2 of Civil Procedure**

3 Section 21D(a)(3)(B)(iii)(I)(cc) of the PSLRA further provides that, in addition to
4 possessing the largest financial interest in the outcome of the litigation, the lead plaintiff must
5 otherwise satisfy the requirements of Rule 23 of the Federal Rules of Civil Procedure. *See*
6 *Cavanaugh*, 306 F.3d at 729-30. Rule 23(a) generally provides that a class action may proceed if
7 the following four requirements are satisfied:

- 8 (1) the class is so numerous that joinder of all members is impracticable, (2) there
9 are questions of law or fact common to the class, (3) the claims or defenses of the
representative parties are typical of the claims or defenses of the class, and (4) the
representative parties will fairly and adequately protect the interest of the class.

10 Fed. R. Civ. P. 23(a).

11 In making its determination that putative lead plaintiffs satisfy the requirements of Rule 23,
12 the Court need not raise its inquiry to the level required in ruling on a motion for class certification;
13 instead, a *prima facie* showing that the movant satisfies the requirements of Rule 23 is sufficient.
14 *See Kaplan v. Charlier*, No. 07-cv-00849, 2007 WL 9658488, at *4 (D. Nev. Dec. 3, 2007). At the
15 lead plaintiff stage, “[t]he typicality and adequacy requirements of Rule 23 are the main focus” and
16 “[e]xamination of the remaining requirements [of Rule 23] are deferred until the lead plaintiff moves
17 for class certification.” *Richardson v. TVIA*, No. 06-cv-06304, 2007 WL 1129344, at *4 (N.D. Cal.
18 Apr. 16, 2007) (citing *Cavanaugh*, 306 F.3d at 730); *In re Cendant Corp. Litig.*, 264 F.3d 201, 263
19 (3d Cir. 2001) (“The initial inquiry . . . should be confined to determining whether the movant has
20 made a *prima facie* showing of typicality and adequacy.”).

21 **a) Venasithamby’s Claims are Typical**

22 Rule 23(a)(3) of the Federal Rules of Civil Procedure requires that, “the claims . . . of the
23 representative parties” be “typical of the claims . . . of the class.” “The test for typicality ‘is whether
24 other members have the same or similar injury, whether the action is based on conduct which is not
25 unique to the named plaintiffs, and whether other class members have been injured by the same
26 course of conduct.’” *In re MGM Mirage Sec. Litig.*, No. 09-cv-01558, 2010 WL 4316754, at *2 (D.
27 Nev. Oct. 25, 2010) (quoting *Hanon v. Dataproducts Corp.*, 976 F.2d 497, 508 (9th Cir.1992)).

1 Here, Venasithamby's claims are typical of the claims asserted by the proposed class. Like
2 all members of the class, Venasithamby purchased Marathon securities during the Class Period and
3 suffered losses as a result of his transactions. Like all members of the class, Venasithamby alleges
4 that defendants violated federal securities laws by disseminating materially misleading statements
5 concerning Marathon's operations and financial prospects. Venasithamby's losses, like the losses
6 suffered by all other members of the class, arise from the artificial inflation of Marathon securities
7 caused by defendants' alleged misrepresentations and omissions. Accordingly, Venasithamby's
8 interests and claims are typical of the interests and claims of the class.

b) Venasithamby Is An Adequate Representative

10 The Rule 23(a)(4) adequacy requirement is satisfied where it is established that a
11 representative party “will fairly and adequately protect the interests of the class.” “Courts have
12 directed its inquiry regarding the adequacy of the movant to ‘assessing whether the class
13 representative has interests antagonistic to the class, and by assessing the capabilities and
14 qualifications of the representative’s counsel.’” *Kaplan v. Charlier*, No. 07-cv-00849, 2007 WL
15 9658488, at *4 (D. Nev. Dec. 3, 2007) (citation omitted).

16 Here, Venasithamby easily satisfies the adequacy requirements. Venasithamby’s financial
17 interest demonstrates that he has a sufficient incentive to ensure vigorous advocacy, and “no
18 evidence exists to suggest that [Venasithamby is] antagonistic to other members of the class or their
19 attorneys, thereby meeting the adequacy of representation requirement.” *Yousefi v. Lockheed Martin*
20 *Corp.*, 70 F. Supp. 2d 1061, 1071 (C.D. Cal. 1999) (citation omitted). Moreover, Venasithamby has
21 retained competent and experienced counsel with the resources and expertise to efficiently and
22 effectively prosecute this action. *See* Muehlbauer Decl., Exs. D & E (the firms’ résumés). In
23 addition, Venasithamby is not aware of any conflict between his claims and those asserted on behalf
24 of the class.

25 There are no facts that indicated any conflicts of interests between Venasithamby and the
26 other class members, and therefore Venasithamby satisfies the typicality and adequacy requirements
27 of Rule 23.

B. The Court Should Approve Lead Plaintiff's Choice of Counsel

The PSLRA vests authority in the lead plaintiff to select and retain counsel, subject only to approval of the Court. *See* 15 U.S.C. § 78u-4(a)(3)(B)(v). Here, Venasithamby has selected GPM as lead counsel and Muehlbauer Law as liaison counsel for the class. As reflected by the firm's résumé, attached to the Muehlbauer Decl. as Exs. D & E, the Court may be assured that, by granting Venasithamby's Motion, the class will receive the highest caliber of legal representation. Accordingly, the Court should approve Venasithamby's selection of counsel.

8 | IV. CONCLUSION

9 For the foregoing reasons, Pathma Venasithamby respectfully requests that the Court grant
10 his Motion and enter an Order: (1) appointing Venasithamby as Lead Plaintiff; (2) approving
11 Venasithamby's selection of GPM as Lead Counsel and Muehlbauer Law as Liaison Counsel for
12 the class; and (3) granting such other and further relief as the Court may deem just and proper.

14 | DATED: February 15, 2022 Respectfully submitted,

MUEHLBAUER LAW OFFICE, LTD.

/s/ Andrew R. Muehlbauer
Andrew R. Muehlbauer, Esq.
Nevada Bar No. 10161
7915 West Sahara Avenue, Suite 104
Las Vegas, Nevada 89117
Telephone: 702.330.4505
Facsimile: 702.825.0141
Email: andrew@mlolegal.com

GLANCY PRONGAY & MURRAY LLP
Charles Linehan
1925 Century Park East, Suite 2100
Los Angeles, California 90067
Telephone: (310) 201-9150
Facsimile: (310) 201-9160
Email: clinehan@glancylaw.com

*Counsel for Plaintiff and Lead Plaintiff Movant
Pathma Venasithamby*

1 **PROOF OF SERVICE BY ELECTRONIC POSTING**

2 I, the undersigned, say:

3 I am not a party to the above case and am over eighteen years old. On February 15, 2022, I
4 served true and correct copies of the foregoing document, by posting the document electronically to
5 the ECF website of the United States District Court for the Northern District of California, for receipt
6 electronically by the parties listed on the Court's Service List.

7 I affirm under the penalty of perjury under the laws of the United States of America that the
8 foregoing is true and correct. Executed on February 15, 2022, at Las Vegas, Nevada.

9
10 */s/ Andrew R. Muehlbauer*
11 Andrew R. Muehlbauer, Esq

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